



CALIFORNIA ISO

California Independent  
System Operator

# *Access Charge Amendment 27*

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*April 21, 2000*

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## Why are we doing this?

- ¥ AB 1890 requires no later than 2 years from ISO Operations Date (3/31/00), ISO recommend to FERC a rate methodology for Access Charge
- ¥ FERC Order 11/26/96 requires ISO to file the ISO-recommended rate methodology at least 60 days prior to the end of the 2 year period (1/31/00)
- ¥ FERC granted extension to file by 3/31/00



## Why Are We Doing This?

- ¥ One bulk transmission rate for California
  - consistent with FERC's RTO vision
  - proper transmission pricing signals
- ¥ One rule for California
  - one highway for better interstate commerce
  - decrease phantom congestion
  - increase efficiency of the ISO Grid
- ¥ Reliability benefits



## Process - First Step

- ¥ **Proposals requested December 1998 and received February 26, 1999**
- ¥ **Public Process**
  - TAC meeting (March, April)
  - Status Report at MIF meetings (April - March)
- ¥ **TAC Work Group**
  - Monthly meetings (April - October)
  - Data Collection Task Force
- ¥ **ISO Governing Board**
  - June, August, October and November
  - October appointed the Negotiating Group



## Process - Second Step

### ¥ **Negotiating Group**

—Met weekly from November 16, 1999 through December 29, 1999

### ¥ **ISO Governing Board - Executive Sessions**

—January 13, 21, 28

—February 14 - End User s Compromise Proposal

### ¥ **ISO Governing Board - Public & Executive Sessions**

—February 2, 7, 14 and March 3

### ¥ **Public Mtgs. - Workshop & Market Issue Forum**

—January 24, and March 7



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# Access Charge Principles

- ¥ Ultimately ISO Grid-wide High Voltage Access Charge<sup>1</sup>
- ¥ Low Voltage remain Utility-specific
- ¥ All New PTOs transmission rights turned over to ISO control and comply with ISO Tariff/Protocols/Agreements
- ¥ Access Charge paid based on gross Loads and exports, except specific Loads served by qualifying facilities
- ¥ GMC paid on gross Loads and exports for Participating TOs
- ¥ 10 year transition
- ¥ Maximum impact to Original PTOs: \$32/32/8 Million
- ¥ New regional additions ISO Grid-wide
- ¥ Benefits used to reduce Transmission Revenue Requirement
- ¥ No GMC or Access Charge cost increase to New PTOs
- ¥ First step, TAC Areas

*1) High Voltage Transmission is 200 kV and above, and supporting facilities, Low Voltage is below 200 kV*



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## Access Charge Design

### ¥ ***First Step:***

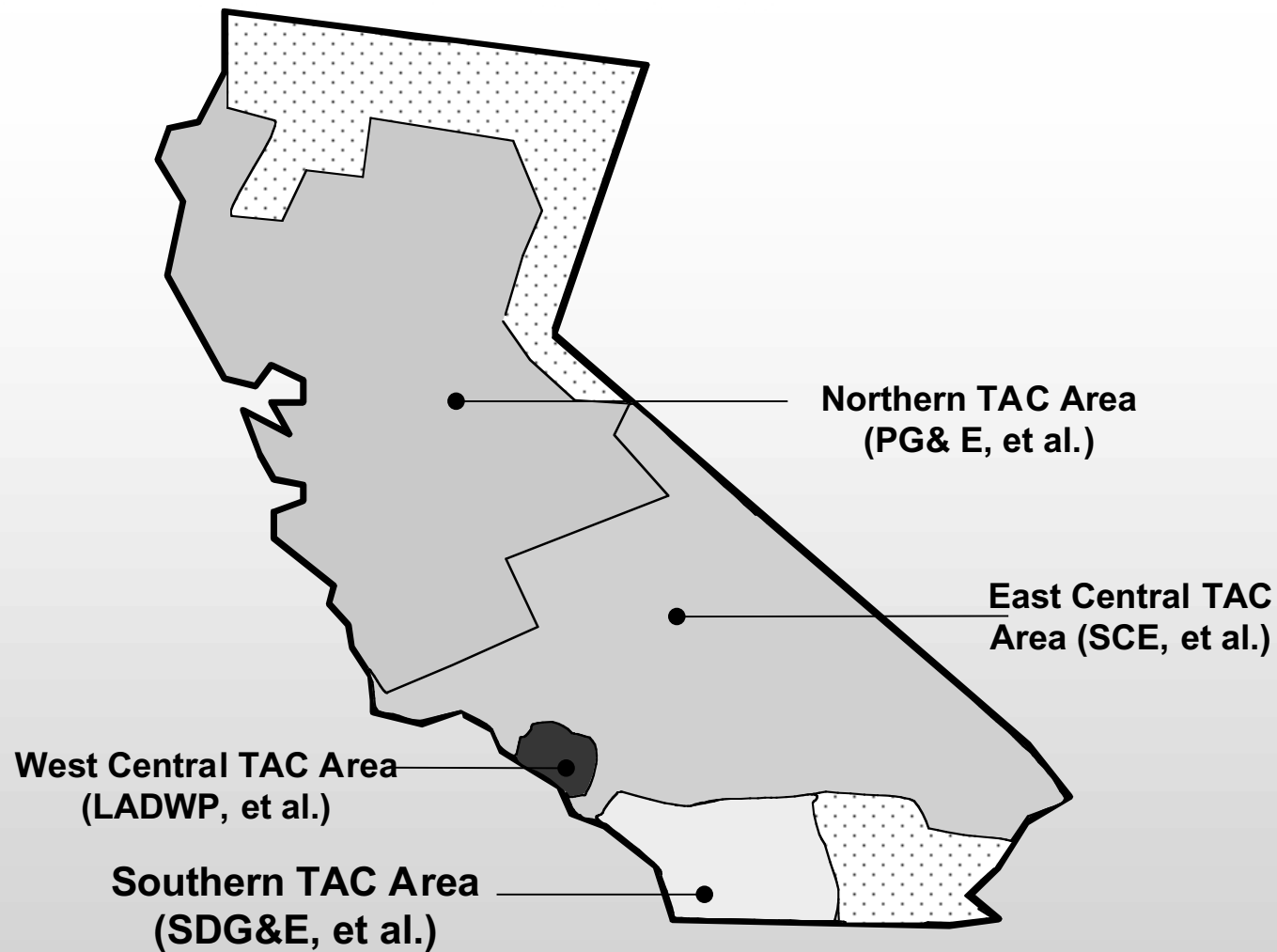
- Triggered when TCA is executed
- TAC Area High Voltage (*200 kV and above*)
- Utility-specific Low Voltage (*below 200 kV*)
- 10-year transition for High Voltage, 10% per year
- Capital additions and new High Voltage systems included in ISO Grid-wide component

*1) High Voltage transmission is 200 kV and above, and supporting facilities, Low Voltage is below 200 kV.*



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## Mitigation Balance

- ¥ Maximum impact to Original PTOs during 10 year transition: \$32/32/8 Million annually
- ¥ All Gross Loads and exports pay for Access Charge, except specific Generating Units with CPUC/218; PURPA/201; existed as of 3 /31/00; and are Standby Service Customers of a Transmission Owner
- ¥ No cost increase due to High Voltage Access Charge or GMC to New Participating TO
- ¥ New Participating TO benefits used to reduce High Voltage Transmission Revenue Requirement

*1) This amount increased averaged over all Load is approximately 0.4 mill. This does not address any questions associated with retail cost allocation and rate design.*



## Hold Harmless

¥ No transmission rate increases for New PTOs

- GMC and Access Charge paid on gross Load and exports
- GMC cost due to participation as a New Participating TO is mitigated
- Any remaining Access Charge burden is mitigated

¥ Limited burden on Original PTOs during transition period

- PG&E and Edison - \$32 Million/year
- SDG&E - \$8 Million/year



## Direct Benefits for California

- ¥ Increased transmission capacity
- ¥ Payment of all Transmission Revenue Requirement through a blended rate
- ¥ Increased participation in ISO, decreased GMC to Original PTOs
- ¥ Reduction of phantom congestion due to 2-pipe model



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# Increase to Ratepayers

***The impact to the transmission component of the average monthly End-User bill for the Original Participating TOs based on various types of ratepayers consists of the following<sup>1</sup>:***

	Before		After		
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>
Residential (600 kWh)	2.40	3.1	2.64	3.5	0.24
Commercial GS-2 (100,000 kWh)	290.00	2.9	330.00	3.3	40.00
Industrial TOU-Primary (1,500,000 kWh)	2,550.00	2.2	3,150.00	2.7	600.00

***1) Assumes enough New Participating TOs join such that the \$72 million caps are reached; assumes no reduction in congestion costs or Energy prices.***